

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION
A Not-For-Profit Organization

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

RICHARD MOON & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION

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Richard Moon & Associates

An Accountancy Corporation

Certified Public Accountant • Financial Planners

RMA**Independent Accountants' Review Report**

Board of Directors
Westchester Business Improvement Association
Los Angeles, California

I have reviewed the accompanying statements of financial position of Westchester Business Improvement Association (a not-for-profit organization) as of December 31, 2013 and 2012 and the related statements of activities, functional expenses and cash flows, for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

The management of Westchester Business Improvement Association is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States and for designing, implementing, and maintaining, internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based upon my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

Richard Moon & Associates

July 31, 2014

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION
A Not-for-Profit Organization

STATEMENTS OF FINANCIAL POSITION

For the year ended December 31, 2013 and 2012

Assets

	<u>2013</u>	<u>2012</u>
Current assets		
Cash and Cash Equivalents	\$ 74,840	\$ 43,424
Total current assets	<u>74,840</u>	<u>43,424</u>
Total Assets	<u>\$ 74,840</u>	<u>\$ 43,424</u>

Liabilities and Net Assets

Liabilities		
Due to Triangle Association	\$ 120	\$ 120
Total current liabilities	<u>120</u>	<u>120</u>
Net Assets		
Restricted Net Assets	-	-
Unrestricted Net Assets	74,720	43,304
Net assets	<u>74,720</u>	<u>43,304</u>
Total liabilities and net assets	<u>\$ 74,840</u>	<u>\$ 43,424</u>

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION
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STATEMENTS OF ACTIVITIES & NET ASSETS

For the year ended December 31, 2013 and 2012

	2013		2012	
		<u>%</u>		<u>%</u>
UNRESTRICTED NET ASSETS				
Revenues				
Member assessments	\$ 301,937	97.0	\$ 312,783	98.1
Event income	5,500	1.8	2,820	0.9
Reimbursement	3,946	1.3	3,250	1.0
	<u>311,382</u>	<u>100.0</u>	<u>318,853</u>	<u>100.0</u>
 Landscape Maintenance & Sanitation	 116,678	 37.5	 158,539	 49.7
Office & insurance	12,009	3.9	21,377	6.7
Administrative costs	60,000	19.3	65,271	20.5
Consulting services	9,081	2.9	10,295	3.2
Operations	55,353	17.8	44,300	13.9
Marketing	26,845	8.6	38,991	12.2
	<u>279,967</u>	<u>89.9</u>	<u>338,773</u>	<u>106.2</u>
 Change in net assets from operations	 31,416	 <u>10.1</u>	 (19,920)	 <u>(6.2)</u>
 Net assets, beginning of year	 43,304		 63,224	
 Net assets, end of year	 <u>\$ 74,720</u>		 <u>\$ 43,304</u>	

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION
A Not-for-Profit Organization
STATEMENT OF FUNCTIONAL EXPENSES
SUPPORTING SERVICES

For the year ended December 31, 2013 and 2012

	2013		2012	
		<u>%</u>		<u>%</u>
Office and Insurance				
Insurance	\$ 7,809	2.5	\$ 7,505	2.4
Bid Renewal	-	-	-	-
Office Supplies	-	-	-	-
Printing and Copying	-	-	-	-
Newsletter	-	-	9,212	2.9
Rent	4,200	1.3	4,650	1.5
Federal & State Fee	-	-	10	0.0
	<u>\$ 12,009</u>	<u>3.9</u>	<u>\$ 21,377</u>	<u>6.7</u>
Administrative Costs				
WBIA Executive Director	<u>\$ 60,000</u>	<u>19.3</u>	<u>\$ 65,271</u>	<u>20.5</u>
Consulting Service				
Accounting / CPA	<u>\$ 9,081</u>	<u>2.9</u>	<u>\$ 10,295</u>	<u>3.2</u>
Marketing Expense				
Advertising	\$ 1,079	0.3	\$ 11,404	3.6
Public Relations / Advertising	14,015	4.5	-	-
Publications / Graphic	3,618	1.2	-	-
Street Banners	1,288	0.4	-	-
Website Project	1,953	0.6	2,467	0.8
Halloween Event	-	-	14,499	4.5
Painting Event	-	-	5,800	1.8
Other	4,892	1.6	4,821	1.5
	<u>\$ 26,845</u>	<u>8.6</u>	<u>\$ 38,991</u>	<u>12.2</u>

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION
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STATEMENT OF FUNCTIONAL EXPENSES
SUPPORTING SERVICES

For the year ended December 31, 2013 and 2012

	<u>2013</u>		<u>2012</u>	
		<u>%</u>		<u>%</u>
Operations				
Ambassador Services	\$ 49,504	15.9	42,815	13.4
Reimbursable Expenses	4,129	1.3	-	-
Other	1,720	0.6	1,485	0.5
	<u>\$ 55,353</u>	<u>17.8</u>	<u>\$ 44,300</u>	<u>13.9</u>
 Landscape Maint. & Sanitation	 <u>116,678</u>	 <u>37.5</u>	 <u>158,539</u>	 <u>49.7</u>

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION
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STATEMENT OF CASH FLOWS

For the year ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from (used in) operating activities:		
Increase (decrease) in net assets	\$ 31,416	\$ (19,920)
Increase (decrease) in liabilities	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	31,416	(19,920)
Cash flows from investing activities	-	-
Cash flows from financing activities	<u>-</u>	<u>-</u>
	-	-
Net increase (decrease) in cash	31,416	(19,920)
Cash at beginning of year	<u>43,304</u>	<u>63,224</u>
Cash at end of year	<u><u>\$ 74,720</u></u>	<u><u>\$ 43,304</u></u>

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION
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Notes to Financial Statements
December 31, 2013 and 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

Westchester Business Improvement Association (WBIA) was organized as a nonprofit mutual benefit corporation in February 2007 with its primary purpose to "enhance the commercial viability of the Westchester area." The majority of the board members own or manage real property within the WBIA boundaries.

Property and Business Improvement District

On April 5, 2007 the City of Los Angeles established a Property and Business Improvement District (PBID) under the laws of the state of California and entered into an agreement with WBIA. The original term of the agreement was January 1, 2007 through December 31, 2011. The term was extended through December 31, 2021 by the Los Angeles City Council on August 22, 2011. Under the agreement, WBIA is responsible for developing, implementing, directing and operating the PBID programs in accordance with the Management District Service Plan pursuant Section 36600, *et seq.* of the California Streets and Highways Code and the City of Los Angeles Ordinance No. 173,483.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized in the accounting period in which the liability is incurred.

Financial Statement Presentation

WBIA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted assets.

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION
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Notes to Financial Statements

December 31, 2013 and 2012

Revenue

The largest source of revenue for WBIA is the annual assessment of its members.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, WBIA considers all highly liquid investments with an original maturity of three months or less to be cash.

Reclassifications

Certain amounts from the prior year have been reclassified to conform with the current year presentation.

NOTE 2: INCOME TAXES

WBIA is exempt from federal income taxes under Section 501(c) (6) of the Internal Revenue Code. The exemption was approved by the Internal Revenue Service on April 16, 2008 and is retroactive to inception. It is also exempt from state franchise taxes.

NOTE 3: CONCENTRATION OF CREDIT RISK

WBIA maintains its cash balance in financial institutions located in Los Angeles, California. The Federal Deposit Insurance Corporation insures balances up to \$250,000. As of December 31, 2013 and 2012 WBIA has no significant concentrations of credit risk.

WESTCHESTER BUSINESS IMPROVEMENT ASSOCIATION
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Notes to Financial Statements
December 31, 2013 and 2012

NOTE 4: RELATED PARTY TRANSACTIONS

The corporate offices of WBIA are located in a building owned by one of its members. The rent expense for 2013 and 2012 was \$4,200 and \$4,650 respectfully. The agreement is renewable on an annual basis.

NOTE 5: RISK MANAGEMENT

WBIA purchases commercial insurance as its method of defraying risk of losses from natural causes, general liabilities and theft. The organization assumes any liability for any deductible and claims in excess of coverage limitations.

NOTE 6: OTHER INCOME

Other income is comprised of the follow major categories:

	<u>2013</u>	<u>2012</u>
Event Income	\$ 5,500	\$ 2,820
Reimbursement	<u>3,946</u>	<u>3,250</u>
	<u>\$ 9,446</u>	<u>\$ 6,070</u>
	=====	=====

NOTE 7: SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 31, 2014, the date the financial statements were available to be issued.